

## CHALLENGES FOR DEMOCRATIZATION IN CENTRAL ASIA: WHAT CAN THE UNITED STATES DO?

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**T**he agenda of post-communist transformation seemed to have faded away in Central Asian countries until the tragic terrorist attacks of September 11, 2001. In the aftermath of the Iraq War, democratization in “failed” and authoritarian states has rapidly become the focus of U.S. foreign policy. Since the events in Kyrgyzstan, Central Asia has been added to the debate on third-wave democratization that has been witnessed in Georgia and Ukraine. In light of the increasing turbulence in Iraq and the unexpected death of Turkmenistan’s President Niyazov, the challenges for democratization in Central Asia should be reevaluated. This article argues that the prospects for democracy in that region are vulnerable to internal and external actors as well as structural problems in the individual states, which possess vast energy resources and crucial routes for exporting them. Thus, to avoid the error of coddling dictators to serve its agenda, the United States should consider developing a longer-term policy that takes

into consideration not only the strategic importance of Central Asia, but also the development of its civil society.

### STRATEGIC CONSIDERATIONS

For much of the 1990s, U.S. economic assistance to the region was delivered under the auspices of the Freedom Support Act, but levels of funding fluctuated.<sup>1</sup> Assistance has increased with the implementation of Operation Enduring Freedom.<sup>2</sup> Transferring nuclear weapons out of Kazakhstan and preventing Iran’s involvement in oil and gas projects in the region were the priorities of U.S. foreign policy in the 1990s.<sup>3</sup> The post-September 11 rhetoric of U.S. foreign policy insists that democracy is essential to the undermining of conditions that engender terrorism. However, the strategy of the Bush administration, at least for now, is largely focused on the military aspect of the global war on terrorism.

The presence of the U.S. airbase outside the Manas Airport in Bishkek, Kyrgyzstan — despite the removal of

American forces from the Khanabad-Karsi Air Base in Uzbekistan — indicates that the presence of U.S. military forces in the region is not temporary but longterm.<sup>4</sup> Not only Central Asia, but also Azerbaijan in the Caucasus, is equally vital to the logistical requirement of safe airspace and a route for NATO operations in Afghanistan.<sup>5</sup> Within this framework, Central Asia will remain central to U.S. foreign policy for three major reasons.<sup>6</sup> First of all, the global war on terrorism makes Central Asia a necessary location for military bases as well as airspace. Second, the vast energy resources of the Caspian Basin have been explicitly stated to be vital to the U.S. strategy of securing alternative energy resources to those of the Middle East. Thus, ensuring the safety of the east-west energy corridor has been a policy priority since these countries became independent of the Soviet Union. Third, the fact that the population is predominantly Muslim increases the risk of fomenting a radicalization that could provoke further terrorism.<sup>7</sup>

However, despite the short-term focus on military operations and the long-term commitment to U.S.-led democratization of the Middle East, American foreign policy seems to involve double standards towards its allies in the global war on terrorism. While Washington is asking for a more democratic Lebanon and Syria, attempting to build democracy in Iraq by force, and putting increasing pressure on Iran to be more democratic and to call off its nuclear program, Pakistan, Saudi Arabia, Qatar and Kuwait are so crucial to U.S. interests that they seem to have been granted exemptions. Thus, the longstanding authoritarian regimes of Kazakhstan, Uzbekistan and Kyrgyzstan had become confident that

American support would continue to bolster their authoritarian rule against radical Islamic challengers.<sup>8</sup> The Central Asian leaders had their hopes raised that the increasing strategic focus of U.S. foreign policy on Central Asia in the aftermath of the Afghanistan and Iraq wars would mean more grants in aid, debt relief, and the turning of a blind eye to their repressive regimes in the short term. Additionally, in the long term, stabilizing the new energy routes across the Caspian Sea or Afghanistan would encourage further foreign direct investment in their region. Nevertheless, when Washington and European governments requested an international inquiry into the May 13, 2005, massacre in the Ferghana Valley city of Andijan, after receiving testimony from many sources that the public protest reflected social and economic frustrations by an impoverished population rather than the Uzbek government's claim of international Islamic extremists' provocations, Uzbekistan officially asked the United States to remove its forces from the Khanabad-Karsi Air Base in southern Uzbekistan.

### **THE CURSE OF OIL**

The debate on prospects for democratization in Middle Eastern countries has been thus far misleadingly centered on the question of the compatibility of Islam and democracy.<sup>9</sup> Despite the growing consensus among policy makers and scholars that Islam and democracy are compatible, the myopic perspective guiding democracy-promotion policies underestimates a structural problem for democratization in resource-rich countries. There, the structure of the distributive or rentier state combined with the interests of Western

states in energy security has long been the major obstacle to domestic political reforms.<sup>10</sup> For decades, U.S. involvement in securing the flow of oil from the Middle East to industrialized Western countries worked to undermine legitimate popular aspirations for freedom and participation in governance.<sup>11</sup> However, in the aftermath of September 11, 2001, the rhetoric of U.S. foreign policy has been driven by democracy promotion in weak states to prevent conditions that engender terrorism. Therefore, the United States must develop a long-term wide-ranging policy that takes into consideration not only the strategic importance of Central Asia but also the similar structural conditions that have impeded democratization in the Middle East.

Kazakhstan, Turkmenistan and Azerbaijan — the oil- and gas-rich countries of the Caspian Basin— are important allies of the United States in fighting against terrorism and drug trafficking. The transition problems in these post-communist countries, in addition to the landlocked region's relative isolation from world markets, have put their economic and political stability at the top of their leaders' strategic agendas. In the early 1990s, two strategic goals were central:<sup>12</sup> all three countries needed hard currency to insure economic stability, and they had to build new pipelines bypassing Russia to realize their independence. Major pipelines crossing only Russian territory would give Russia political leverage over the Caspian countries that neither Azerbaijan nor Kazakhstan, nor Western multinational corporations, wished to contemplate.

During the Soviet era, all the oil and natural gas pipelines in the Caspian region were designed to link the Soviet Union internally and were thus routed through

Russia. Prior to 1997, the only major pipeline available in the region was the Atyrau-Samara pipeline from Kazakhstan to Russia.<sup>13</sup> In the early phases of oil production in the major fields of Azerbaijan and Kazakhstan, smaller amounts of oil were exported by barge and rail through Russia. With the new production coming online, Azerbaijan and Kazakhstan needed new transportation routes to world markets. Thus, a pro-Western foreign policy and strategically shaped preferences for pipeline routes were crucial to balancing Russian and Chinese influence in the region. Therefore, the role and influence of the United States have increased significantly in facilitating regional cooperation and the security of energy transit routes as well as providing insurance and credit for American investment in the region.

The larger oil revenues and oil-led development of these countries have, however, created rentier states instead of market economies. Thus, the hopes for democratization have faded as the political leadership in these countries distributes selective benefits to certain political and social groups in exchange for political acquiescence.<sup>14</sup> The dependence of prominent state bureaucrats, military officials, regional administrators and businessmen on the allocation of revenues and resources that are strictly controlled by the political leadership and its extended network of family/clan members further strengthens undemocratic governing institutions. The leaders in power decouple themselves from their constituents because they do not need to extract resources from a domestic economy that lacks diversified sectors.

These leaders have further legitimized their power by the distribution of social benefits, employment in the state sector,

reductions in personal taxes, and subsidies on consumer goods and public services.<sup>15</sup> While the political leadership may not necessarily promote equal benefits for all social strata, disenfranchised groups cannot openly contest the legitimacy of political institutions, given the absence of fair elections and the weakness of institutions in these post-communist countries. Furthermore, the lack of a strong middle class and civil society limits the possibility of a social and economic life truly free from state control.

### DEMOCRATIC REFORM?

A quick glance at the current leaders sheds light on the prospects for democratic reform in Central Asia.<sup>16</sup> President Nursultan Nazarbayev of Kazakhstan is the most confident of the group, based on Kazakhstan's relatively large economic windfall from its oil and gas exports, as well as his relative popularity with the public. Nazarbayev was elected president in 1991 and extended his term until 2000 based on the results of a nationwide referendum on April 30, 1995. His reelection took place quickly on January 10, 1999, one year earlier than scheduled, to suppress rising opposition. The last election was held on December 4, 2005. Despite political gains by the opposition blocs Democratic Choice and For a Fair Kazakhstan in the last two presidential elections, in 2001 and 2005, the opposition groups could not become influential forces for more democratic governance for two reasons. First, control of the distributive state by President Nazarbayev and his close family members has allowed them to continuously increase his popularity by giving substantial raises in pension benefits and civil-service salaries. For example,

Nazarbayev reaped high support even in the economically backward Kyzylorda region, home base of the main opposition leader in the last election.<sup>17</sup> Second, the restrictions on freedom of the press and limits on fair coverage in the media and freedom of assembly during the pre-election periods did not give opposition groups an opportunity to campaign in a genuinely democratic environment.<sup>18</sup>

Moreover, President Nazarbayev stated his plans for what seems to be unilateral and authoritarian reform of democratic institutions in his country.<sup>19</sup> Although he made public announcements promising constructive cooperation with opposition parties and efforts to incorporate some of his opponents into a coalition government, economic prosperity based on larger oil revenues may create few incentives for fully democratic reforms, including the decentralization of the government, the election of local governing bodies and enhancement of civil liberties, especially freedom of press. The rentier state agencies controlled by President Nazarbayev and his close family members are likely to prevail by distributing selective benefits to certain political and social groups in exchange for political acquiescence. Thus, a "velvet" revolution in Kazakhstan is unlikely. Rather, what we may observe is a slow "democratization" process that does not challenge the authoritarian rule of the president.

In Azerbaijan, we see a similarly close relationship between a distributive state and weak democratic institutions. With the exception of the short presidency of Abulfaz Elchibey between 1992 and 1993, President Haydar Aliyev was Azerbaijan's most dominant political figure after 1969, as first party secretary of the Soviet

Republic of Azerbaijan, Soviet Politburo member, and finally president of the Republic of Azerbaijan until his death in 2003. Although Aliyev was repeatedly reelected, the elections were not truly democratic and fair.<sup>20</sup> Great power was concentrated in the hands of the president, and regional networks centered around him and his immediate family/clan have dominated the political landscape. President Aliyev prepared the political ground for his son Ilham's succession. At the end of 1999, Ilham Aliyev was formally appointed deputy leader of the New Azerbaijan party, second only to his father. Thus, the public and the opposition were expecting Ilham Aliyev's candidacy in the presidential race. On October 16, 2003, the Central Election Commission<sup>21</sup> declared that Ilham Aliyev had won the elections.<sup>22</sup> However, international observers such as the Organization for Security and Cooperation in Europe (OSCE), a democracy watchdog, and the National Democratic Institute for International Affairs (NDI) declared that the election could not be considered a genuinely democratic process, as it was marred by widespread and serious manipulations that included ballot-box stuffing, unmonitored voting and purges of opposition voters from the rolls.<sup>23</sup>

During the last parliamentary elections in November 2005, Azerbaijan's well-developed but fractured political opposition and the international community put pressure on the Azeri leadership to conduct fair elections. Even though there were improvements in some respects during the pre-election period, notably in the registration of candidates, important shortcomings were evident with continued restrictions on the freedom of assembly, detention of the opposition "Azatlik" (freedom) bloc

supporters, dominance of pro-government officers at the national and provincial levels in the Central Elections Commission, and deficiencies in tabulating results.<sup>24</sup> In fact, fearing a coup, President Aliyev fired the economic development minister, Farhad Aliyev, on charges of conspiring with exiled opposition leader Resul Guliyev to provoke unrest and seize power.<sup>25</sup> There were different perceptions about the crackdown on opposition leaders and reform-minded members of the ruling New Azerbaijan party. On the one hand, it seemed to be a power struggle between the dominant party leaders and reform-minded members that could be interpreted as a sign of President Aliyev's weakness.<sup>26</sup> On the other hand, it did in fact reflect his strong presidency keeping control within the New Azerbaijan party. However, President Aliyev has all the means to consolidate his power by taking advantage of geopolitics and oil-led development of Azerbaijan.<sup>27</sup> Consequently, like Kazakhstan's President Nazarbayev, who opted to keep reform under his authoritarian control, President Aliyev opts for the path of measured democratic change. A velvet revolution is unlikely in Azerbaijan.

In Turkmenistan, the unexpected death of President Saparmurat Niyazov highlighted concerns about potential instability and the difficulty of predicting the policies of successive governments in the region, given the lack of democratic institutions. President Niyazov allocated a sizable portion of his country's natural-gas revenues to sustain his despotism. His regime has been the most repressive and dictatorial in Central Asia. Elected to the presidency of the Turkmen Soviet Socialist Republic on October 27, 1990, he became president of independent Turkmenistan on

June 21, 1992. In January 1994, Niyazov extended his rule until 2002 and then again for an indefinite period on December 28, 1999. Turkmen security forces have been suppressing opposition movements by any means necessary, while freedom of the press and civic activity by nongovernmental organizations (NGOs) are severely limited. While the leaders of energy-rich Kazakhstan and Azerbaijan seem to allow for gradual democratic changes under their authoritarian rule, President Niyazov ensured that no opposition leader could establish a power base and ruled the country with his cult of personality. Opposition leaders have either been imprisoned or forced into exile, which in turn strengthened the role of the internal security service in determining the next president.

In fact, the opposition leaders in exile were not allowed to return to their country for the presidential election held on February 11, 2007. The acting president, Gurbangali Berdimukhamedov became the new president, as expected.<sup>28</sup> Despite the early statements by the new president underlining a continuity in the policies set by Niyazov, President Berdimukhamedov will hardly be able to consolidate his power, since members of the Turkmen elite and opposition leaders in exile sooner or later will seek support from abroad to develop and export the significant natural-gas resources of the landlocked country.

At present, Turkmenistan is forced to export the majority of its natural gas through the pipeline system of Russia's state-controlled Gazprom.<sup>29</sup> Accordingly, President Niyazov's death also revitalizes the trans-Caspian pipeline project to transport the vast natural-gas reserves of Turkmenistan via the east-west energy corridor supported by the United States,

Turkey, Azerbaijan and Georgia. Thus, a rivalry between Russia, the United States and China on developing and transporting Turkmen natural gas has already been set into motion. However, regional stability is strongly in the interest of all concerned regional powers and the United States in light of increasing turbulence in Iraq as well as on-going instability in southern Afghanistan. Consequently, any democratic or chaotic regime change in Turkmenistan is strictly dependent on the extent to which the new regime would be able to obtain support from external actors without jeopardizing their regional and energy security interests.

In Uzbekistan, President Islam Karimov is also considered to be an authoritarian leader, and his suppression of political pluralism has been only slightly less severe than Niyazov's in Turkmenistan. While the authoritarian leaders of oil-rich Kazakhstan and Azerbaijan can allocate selective benefits to important political and social groups in their countries, President Karimov has been relying on his country's strategic role in fighting terrorism and cracking down on radical Islamic groups in the region. Karimov became the first secretary of the Communist party of Uzbekistan in 1989. In December 1991, he was elected president of independent Uzbekistan. President Karimov's original term was extended for an additional five years in a national referendum held on March 27, 1995. He was reelected on January 9, 2000. In January 2002, there was another referendum to extend his term to 2007 by amending Uzbekistan's constitution to allow for seven-year presidential terms. There has been little progress in allowing truly free media and independent opposition groups to operate in the country.



Furthermore, President Karimov clearly proved his beyond-authoritarian suppression to the point of killing hundreds of protestors during the outbreak of demonstrations in Andijan in southern Uzbekistan.<sup>30</sup> The May 13 massacre in Andijan, which seemed to be a continuation of a longer-running campaign to curb the activities of any organization operating outside government control, put NGOs under mounting pressure. In fact, a vigorous campaign emphasizing patriotism has been launched throughout the country, driven by every media outlet, reminding the public of President Karimov's continuing control and of his no-tolerance policy against opposition demonstrations.<sup>31</sup> Uzbekistan has also signed a new military agreement with Russia. According to the treaty, Russian military forces may be deployed in Uzbekistan in the event of a national crisis and with Tashkent's approval.<sup>32</sup> Therefore, President Karimov aims to secure his regime with Russia's renewed partnership in order to consolidate his power and receive foreign assistance free from demands for democratic reform. Nevertheless, it is unclear how long President Karimov can stave off a rapid, and most likely uncontrolled, bloody revolutionary change.<sup>33</sup>

President Askar Akayev of Kyrgyzstan was the only political leader in the region whose past was not closely associated with the Communist party. His intellectualism and academic career carried him to the presidency uncontested. He took office on October 12, 1991, and was reelected in December 1995 and again in October 2000. Kyrgyzstan was the most open country in all of Central Asia. The press and the activities of NGOs have been fairly free.<sup>34</sup> Nevertheless, President Akayev

put official pressure on independent political groups and media that were demanding reform or his resignation. He made efforts to retain control by promising reform of the constitution and the subordination of some of his power to the government and the parliament. Despite his promise not to run in the presidential election in October 2005, the parliamentary elections in February 2003 resulted in domination by his cronies, including his daughter. This, in turn, led to suspicions of his increasing authoritarianism. Mass demonstrations forced President Akayev to leave the country.

The peaceful but chaotic overthrow of President Akayev was largely due to his wisdom in ordering the military not to use force against the demonstrators. When the opposition leaders and the new parliament members achieved a consensus on organizing elections, President Akayev resigned from his post. Kurmanbek Bakiyev became the new president after elections were held in June 2005. It is not surprising to see this revolutionary movement in Kyrgyzstan coming after those in Ukraine and Georgia. The common feature of these countries is that they have neither dictators, as in Turkmenistan and Uzbekistan, nor rich energy resources to distribute in support of their authoritarian rule. The leaders in power in Kyrgyzstan, Ukraine and Georgia could not decouple themselves from their constituents; they needed political legitimization in order to extract resources from the domestic economy to maintain public services. Lacking export revenues from oil and gas, these countries experienced economic hardship in their transition to a market economy. Thus, having rich natural resources complicates the prospects for the economic growth and

democratic reform that made a shift of power in Kyrgyzstan, Ukraine and Georgia inevitable.

### **U.S. POLICY IMPLICATIONS**

The trade-off between stability and democratization in the landlocked countries of Central Asia highlights a gap between the rhetoric and practice of U.S. foreign policy. In the aftermath of the revolution in Kyrgyzstan, the first priority for U.S. policy would seem to be stabilizing the region in order to secure the east-west energy corridor and not to allow any other “failed states” to fall into the hands of radical Islamic groups or warlords. Rather than being pressured by the United States to democratize, the Central Asian leaders are mostly encouraged to play their role as strategic partners in the war against terrorism. Thus, they feel comfortable in bolstering their authority by capitalizing on the attention being focused on preventing terrorist activities in the region.

The biggest challenge for the United States government among the people of Central Asia is, therefore, restoring its credibility, which has been damaged by chaos in Iraq, the symbol of the failure of the U.S. military intervention to secure and stabilize that country. Furthermore, the crisis over nuclear proliferation in Iran has highlighted the importance of the U.S. military presence in Central Asia; Central Asian leaders have been unwilling to be allies of the United States in the event of an attack against Iran. Thus, the twin prerequisites of building a genuine civil society and enough regional security to strengthen the democratization process should induce a serious rethinking of the roles of both U.S. foreign policy and foreign energy companies in the region.

The liberal-democracy model promoted by U.S. foreign policy creates a “low-intensity democracy” that fails to develop the genuine civil society and democratic institutions that might broaden political participation.<sup>35</sup> If democracy is to emerge from an indigenous process, then democracy-promotion policies should not focus strictly on formal electoral rights, since they may mask problems over what values and interests are being promoted by the elites. In other words, democracy promotion can lead to a conception of civil society that excludes socially and economically disadvantaged groups from political participation. Civil society is the middle ground between big business and the government, a place limited to neither the political arena nor the market. Thus, programs building “social capital” in education, health and small enterprises are required in the development of civil society. Democracy-promotion policies focusing on the formal electoral system result in a narrow civil society that fails to take into account major social and economic reforms critical for the peaceful democratization process in these countries. Therefore, a genuine civil society built on the efforts of domestic reformers and supported by the United States is critical for the legitimacy of any power transition and security in the region.

Although American energy companies have large investments in the oil and gas sectors of Central Asia, they do not have an immediate incentive to play an influential role in the democratization process. Rather, they are more concerned with the unknown risks of instability if an opposition movement provokes chaotic upheaval. For example, many Western oil executives retain strong memories of the political



chaos following the insurgency against President Elchibey in Azerbaijan in 1993 and the invalidation of the oil agreements when former President Haydar Aliyev came into power. Nevertheless, democratic institutions and governance as well as a diversified economy in the energy-rich countries of Azerbaijan, Kazakhstan and Turkmenistan are consistent with the long-term interests of the foreign companies. Therefore, there is a much-needed collaboration not only between the U.S. government and American companies but also between the European Union and European energy companies in the region to build a long-term strategic agenda integrat-

ing energy and regional-security policies into an indigenous democratization process.

Despite an increase in funding from the United States for democracy assistance, the highest increase has been in security and the economic and social sectors.<sup>36</sup> Thus, in addition to a broader perspective on democracy-promotion policies, more funds for genuine civil-society development are clearly needed. The prospects of democracy in Central Asia and the role of the United States in the democratization process in developing countries require a long-term strategic agenda not limited to energy security and terrorism.

<sup>1</sup> Assistance declined from FY 1994 to 1997, increased from FY 1998 to 1999, and declined again from FY 2000 to 2001. See Jim Nichol, "Central Asia's New States: Political Developments and Implications for U.S. Interests," *Congressional Research Service Report*, 30 August 2002. USAID FY 1994-2004 budgets for Eurasia region.

<sup>2</sup> In April 1992, the U.S. Congress voted for the Freedom Support Act, which determined the assistance to be given by the United States to the former Soviet republics to support their transition to democracy and market economies. However, Section 907 of the Freedom Support Act restricted assistance to Azerbaijan and became a major obstacle for Azerbaijan in seeking further American assistance in strengthening its economy and national security. President George W. Bush waived Section 902 of the Freedom Support Act in 2002 and extended the waiver in December 2003 in line with his policy to counter international terrorism.

<sup>3</sup> For a detailed analysis of U.S. foreign policy in the 1990s in Central Asia and the Caucasus, see Rosemarie Forsythe, *The Politics of Oil in the Caucasus and Central Asia* (Oxford University Press, Adelphi Paper No. 300, 1996); Jan H. Kalicki, "U.S. Policy in the Caspian: Pipelines, Partnership and Prosperity," *Middle East Policy*, Vol. 6, No. 2, October 1998; Julia Nanay, "The U.S. in the Caspian: The Divergence of Political and Commercial Interests," *Middle East Policy*, Vol. 6, No. 2, October 1998.

<sup>4</sup> Uzbekistan asked the United States to remove American military forces from its land after the May 13, 2005, violence in Andijan and also signed a new military alliance agreement with Russia on November 14, 2005. Roger McDermott, "Putin Pledges to Back Karimov in a Crisis," *Eurasia Daily Monitor*, Vol. 2, No. 231, November 16, 2005. For a detailed analysis of U.S. military policy in Central Asia, see Svante E. Cornell, "The United States and Central Asia: In the Steppes to Stay?" *Cambridge Review of International Affairs*, Vol. 17, No. 2, July 2004.

<sup>5</sup> During his December 2003 meeting with Azerbaijan President Ilham Aliyev, U.S. Secretary of Defense Donald Rumsfeld expressed interest in establishing an air base on the Apsheron peninsula outside Baku. See B. Graham, "Rumsfeld Discusses Tighter Military Ties with Azerbaijan," *The Washington Post*, December 4, 2003, p. A23.

<sup>6</sup> Cornell, *op. cit.*

<sup>7</sup> Religious extremism in Azerbaijan and Central Asia should not be misconstrued. The cells of radical Islamic organizations are not necessarily linked to the al-Qaeda terrorist network. The core of local radical organizations is usually a group of low income, unemployed religious young men whose economic and political expectations are not satisfied by the nepotism and corruption of these authoritarian regimes. For a detailed analysis of Islam as a political force in Central Asia, see Aleksei Malashenko, "Islam, Politics, and the Security of Central Asia," *Russian Social Science Review*, Vol. 46, No. 1, Jan./Feb. 2005.

<sup>8</sup> For a detailed analysis of U.S. strategy in Central Asia, see Ehsan Ahrari, "The Strategic Future of Central Asia: A View from Washington," *Journal of International Affairs*, Vol. 56, No. 2, Spring 2003.

<sup>9</sup> For a discussion on the U.S. role in the Middle East, see Muqtedar Khan, "Prospects for Muslim Democracy: The Role of U.S. Policy," *Middle East Policy*, Vol. 10, No. 3, Fall 2003.

<sup>10</sup> For a systematic discussion and analysis of state-building in oil rich countries, see Kiren Aziz Chaudhry, *The Price of Wealth: Economies and Institutions in the Middle East* (Cornell University Press, 1997); Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States* (University of California Press, 1997); Dirk Vandewalle, *Libya since Independence: Oil and State-Building* (Cornell University Press, 1998).

<sup>11</sup> Khan, op. cit.

<sup>12</sup> Pinar Ipek, "Azerbaijan Government's Policy on Multinational Corporations and Change of Power in Azerbaijan," conference paper presented at the 5<sup>th</sup> Annual Conference of Central Eurasian Studies Society, Bloomington, Indiana, October 14-17, 2004.

<sup>13</sup> U.S. Department of Energy, Energy Information Administration, *Country Analysis Briefs: Caspian Sea Region*, 1997. <<http://www.eia.doe.gov/emeu/cabs/caspcnf.html>> (December 1999).

<sup>14</sup> For a theoretical analysis of interest group behavior see Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Harvard University Press, 1971).

<sup>15</sup> See David Hoffman, "Azerbaijan: The Politicization of Oil," in Robert Ebel and Rajan Menon, eds., *Energy and Conflict in Central Asia and the Caucasus* (Rowman and Littlefield Publishers, 2000); and Pauline Jones Luong, "Kazakhstan: The Long-Term Costs of Short-Term Gains," in Robert Ebel and Rajan Menon, eds., *Energy and Conflict in Central Asia and the Caucasus* (Rowman and Littlefield Publishers, 2000).

<sup>16</sup> Tajikistan is excluded in this article because the focus is on the oil- and gas-rich countries of the Caspian Basin (Azerbaijan, Kazakhstan, and Turkmenistan) and other Turkic states of Central Asia (Uzbekistan and Kyrgyzstan). Although Tajikistan is considered to be a Central Asian country, the non-Communist party background of its president, Emomali Rahmonov, is an exception among the other leaders. He was elected in 1994 and reelected for another seven-year term on November 6, 1999.

<sup>17</sup> Zharmakhan Tuyakbay and Alikhan Baimenov were the main opposition leaders in the last presidential election, held in December 2005. See Marat Yermukanov, "Kazakhstan after Elections: What is in Store for the Opposition?" *Central Asia-Caucasus Analyst*, December 14, 2005.

<sup>18</sup> The previous election, in November 2001, gave momentum to a group of key reformers in the Kazakh government. They formed a political movement called Democratic Choice. Unfortunately, the movement could not become an influential force for more democratic governance because some of the organizers were arrested and given long prison terms, while some organizers left and established the Ak Zhol (White party). Among the new party leaders, former First Deputy Prime Minister Uraz Zhandosov agreed to work as an adviser to President Nazarbayev. Thus, chances to build an influential opposition front were lost. For a detailed analysis of the last presidential election in Kazakhstan, see OSCE/International Election Observation Mission (IEOM), *Presidential Election, Republic of Kazakhstan, 4 December 2005: Statement of Preliminary Findings and Conclusions*, Astana, December 5, 2005.

<sup>19</sup> On February 18, 2004, shortly before the Kyrgyzstan's tulip/pink revolution, President Nursultan Nazarbayev presented a program for long-term economic growth diversifying Kazakhstan industries as well as for political reform from the top. But doing so does not allow demands for reform to emerge from the civil-society level. Stephen Blank, "Nazarbayev's Grand Design for Kazakhstan's Domestic Purposes" *Central Asia-Caucasus Analyst*, April 6, 2005.

<sup>20</sup> International election observers from the OSCE, NDI and other local NGOs have repeatedly criticized the conduct of presidential elections in Azerbaijan (1993 and 1998).

<sup>21</sup> Central Elections Commission is dominated by Aliyev's party, which effectively controls two-thirds of the seats.

<sup>22</sup> Ilham Aliyev got nearly 80 percent of the vote, while the leading opposition candidate, Isa Gambar, had won 11 percent of the vote. See Seth Mydans, "As Azerbaijan Decides on a Son, Cries of 'Foul!' Are in the Air," *The New York Times*, October 16, 2003.

<sup>23</sup> For details, see OSCE/ODHIR, *Republic of Azerbaijan, Presidential Election 15 October 2003 OSCE/ODHIR Election Observation Mission Report*, Warsaw, November 12, 2003.

<sup>24</sup> Although the observers reported smooth voting proceedings in 87 percent of the polling stations they visited, they viewed ballot counting bad or very bad in 43 percent of counts observed. OSCE/IEOM,

*Parliamentary Election, Republic of Azerbaijan, 6 November 2005: Statement of Preliminary Findings and Conclusions*, Baku, November 7, 2005.

<sup>25</sup> For details, see C. J. Chivers, "A Purge, Coup Rumors and Police Crackdowns Herald Election Season in Azerbaijan," *The New York Times*, October 29, 2005.

<sup>26</sup> For example, there was a dispute between the Economic Development Minister, Farhad Aliyev, and the chairman of the State Customs Committee, Kamaledin Haydarov, who has been supported by Ramiz Mehdiyev, Head of the Presidential Executive Staff and former Azerbaijan Communist party ideologist. For details, see Azadliq (Baku, Azerbaijan in Azeri), "The War between Tycoons," August 25, 2005; Rovshan Ismayilov, "Recent Shake-Ups Reinforce President's Power," *Eurasia Insight*, February 7, 2006. <<http://www.eurasianet.org>>

<sup>27</sup> Although the opposition "Azatlik Bloc" reorganized itself into a new coalition, the Democratic Front, in order to continue organizing peaceful demonstrations protesting election results and calling for the government to resign, on November 26, 2005 the riot police officers violently attacked a peaceful demonstration, beating Ali Kerimli, the opposition leader of the People's Front of Azerbaijan. See C. J. Chivers, "Police Break Up Peaceful Demonstration in Azerbaijan," *The New York Times*, November 27, 2005. Similarly, the Azerbaijan government repeated its aggressive moves to silence independent media when the authorities took the country's first, biggest independent TV and radio broadcaster, ANS, off the air on November 24th, 2006. The same day police forcibly cleared the building, where the country's first private news agency, Turan, one of the major opposition newspapers, Azatlik, and the leading opposition party, the People's Front of Azerbaijan, had been operating. See Alman Mir Ismail, "The Boomerang Effect of ANS TV's Closure," *Central Asia-Caucasus Analyst*, November 29, 2006.

<sup>28</sup> Although under the constitution the speaker of the Parliament is designated acting president, Turkmenistan's State Security Council named Deputy Prime Minister Gurbangali Berdimukhamedov as acting president. Thus, his presidency was interpreted as the expected result of a tightly scripted election by the internal security service. For details, see C. J. Chivers, "Turkmenistan Hails Leader And New Era After Election," *The New York Times*, February 15, 2007.

<sup>29</sup> The only other existing pipeline to export Turkmen natural gas is Korpezhe-Kurt Kui pipeline. It is the first pipeline to follow a non-Russian route from a Newly Independent State, Turkmenistan, to Iran, which was completed in 1997. In September 2005, Turkmenistan installed a new gas processor to facilitate higher natural gas flows to Iran. Despite the ongoing frustration of the Turkmen government with the price given by Russia far below world market levels, the international crisis about the nuclear proliferation in Iran does not help to increase the capacity of Korpezhe-Kurt Kui pipeline further as a way to create another export outlet for the huge natural gas reserves of Turkmenistan. Similarly, an independent study sponsored by the Asian Development Bank reassessed the reserves of Turkmenistan's largest gas field, Dauletabad, and the feasibility to support the trans-Afghan pipeline project. The results have not been released publicly, but the industry press quoting from the bank officials emphasized that the field's production forecasts are lower than expected. See U.S. Department of Energy, EIA, *Country Analysis Briefs, Central Asia*, September 2005, <<http://www.eia.doe.gov/emeu/cabs/Centasia/Full.html>> (access date: January 2007).

<sup>30</sup> For details, see C.J. Chivers, "Tales of Uzbek Violence Suggest Larger Tragedy," *The New York Times*, May 19, 2005.

<sup>31</sup> For details, see Roger McDermott, "Tashkent Seeks New Military Assistance," *Eurasia Daily Monitor*, Vol. 3, No. 4, January 6, 2006.

<sup>32</sup> For details, see McDermott, 2006, op. cit.

<sup>33</sup> For a discussion of terrorism and danger of "failed states" in Central Asia, see Stephen Blank, "Strategic Surprise? Central Asia in 2006," *China and Eurasia Forum Quarterly*, vol. 4, no. 2, May 2006.

<sup>34</sup> Kyrgyzstan has been the most active in terms of the number of NGOs operating in Central Asia. The total number of NGOs in Central Asia is 1010 in Kyrgyzstan, 699 in Kazakhstan, 472 in Uzbekistan, and 138 in Turkmenistan. Source: Central Asia Non-Governmental Organizations Network. <<http://www.cango.net.kg>> (access date: January 2007).

For detailed analysis of civil society in Kyrgyzstan and other Central Asian countries, see Erkinbek Kasybekov, "Government and Nonprofit Sector Relations in the Kyrgyz Republic" in M. Holt Ruffin and Daniel Waugh, eds., *Civil Society in Central Asia* (Johns Hopkins University and the University of Washington Press, 1999); and Kelly M. McMann, "The Civic Realm in Kyrgyzstan," in Pauline Jones Luong, ed.,

*The Transformation of Central Asia: States and Societies from Soviet Rule to Independence* (Cornell University Press, 2004); and Erika Weinthal, "Beyond State: Transnational Actors, NGOs, and Environmental Protection," in Pauline Jones Luong, ed., *The Transformation of Central Asia: States and Societies from Soviet Rule to Independence* (Cornell University Press, 2004).

<sup>35</sup> For a detailed discussion on U.S. democracy promotion policy, see Michael Cox, G.J. Ikenberry, Takashi Inoguchi eds., *American Democracy Promotion* (Oxford University Press, 2000).

<sup>36</sup> The democratic reform assistance has a lower share for Azerbaijan, Kazakhstan, Kyrgyzstan Turkmenistan, and Uzbekistan in total FSA funds for U.S. government assistance budgeted in FY 2001, 2002, 2003, and 2004. For example, in FY 2004, while the security, regional stability and law enforcement funds have the largest share in total U.S. government assistance for Kazakhstan and Uzbekistan (67 percent and 46 percent, respectively), the economic and social sector assistance for Turkmenistan (44 percent) and humanitarian assistance for Azerbaijan and Kyrgyzstan (35 percent, and 50 percent, respectively) have the largest share in total U.S. government assistance to these countries. However, in FY 2005 while the security, regional stability and law enforcement funds have the largest share in total U.S. government assistance for Azerbaijan, Kazakhstan, Kyrgyzstan Turkmenistan, and Uzbekistan (42 percent, 66 percent, 29 percent, 49 percent, and 53 percent respectively), the democratic assistance funds have the second highest share for the same countries (22 percent, 14 percent, 28 percent, 26 percent, and 21 percent, respectively). Calculated from VII. Appendix — Funds Budgeted for U.S. Government Assistance to Eurasia during FY2001, FY2002, FY2003, FY 2004, and FY 2005 *U.S. Government Assistance to and Cooperative Activities with Eurasia Report*. <<http://www.state.gov/p/eur/rls/rpt>> (access date: January 2007).